



Air Force Security Assistance Center



AFSAC

Developing, Fielding, and Sustaining Allied and Coalition Partner Aerospace Forces



MSD/DLA STOCK FUND ANNUAL PRICING

August 03

U.S. AIR FORCE

Integrity - Service - Excellence



OVERVIEW



AFSAC

- **FY 04 MATERIEL SUPPORT DIVISION (MSD)
OF**

- **USAF WORKING CAPITAL FUND (AFWCF)
PRICING**

- MSD DESCRIBED
- PRICE COMPUTATION EXPLAINED
- **FY 04 MSD COMPOSITE RATE: +18.27%**
- **FY 04 DLA WCF COMPOSITE RATE: - 2.9%**
- **FY 04 FMS MSD ITEMS COMPOSITE RATE:
+8.4%**
- **FMS MSD ITEM PRICES AVAILABLE AT
AFSAC**



AF WORKING CAPITAL FUND STRUCTURE



- **REIMBURSABLE OPERATIONS FUND THAT SELLS GOODS AND SERVICES**
 - **FOUR ACTIVITY GROUPS:**
 - INFORMATION SYSTEMS ACTIVITY GROUP (ISAG)
 - TRANSPORTATION ACTIVITY GROUP (TAG)
 - DEPOT MAINTENANCE ACTIVITY GROUP (DMAG)
 - **SUPPLY MANAGEMENT ACTIVITY GROUP (SMAG) - 6 DIVISIONS**
 - MEDICAL-DENTAL DIVISION (MDD)
 - TROOP SUPPORT DIVISION (TSD)
 - AIR FORCE ACADEMY CADET STORE DIVISION (ACSD)
 - GENERAL SUPPORT DIVISION (GSD)
 - **MATERIEL SUPPORT DIVISION (MSD)**



AF WORKING CAPITAL FUND DESCRIPTION



- **PURPOSE**
 - **BUY AND STOCK MATERIEL**
 - **SELL MATERIEL TO CONSUMING ACTIVITIES**
 - WCF CAN'T MAKE OR LOSE MONEY
 - SELLING PRICE INCLUDES:
 - COST OF MATERIEL
 - OPERATING COSTS
- **95% OF SPARES ARE DEFENSE WORKING CAPITAL FUNDED**
 - **MATERIEL SUPPORT DIVISION (MSD) INCLUDES:**
 - USAF MANAGED REPARABLE SPARES - ERRC C & T
 - USAF MANAGED CONSUMABLE SPARES - ERRC N & P
 - **DLA MANAGED CONSUMABLE SPARES - ERRC N & P**
- **PRICES UPDATED ANNUALLY ON 1 OCT**

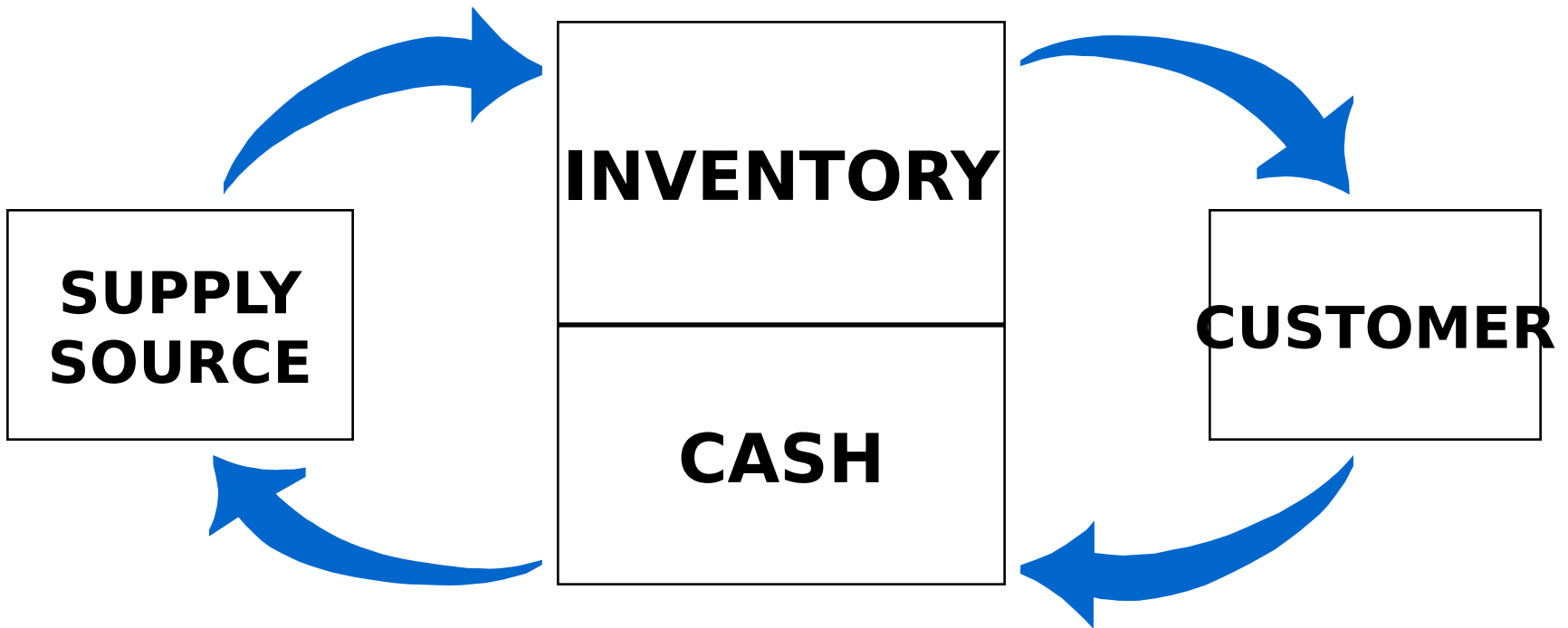


WORKING CAPITAL FUND A REVOLVING FUND



AFSAC

WORKING CAPITAL FUND





MSD PRICE COMPUTATION DEFINITIONS



BUSINESS OVERHEAD COST RECOVERY (OCR):

- **INDIRECT COSTS:**

- INFLATION, DEPRECIATION, ACCUMULATED OPERATING RESULT (PROFIT & LOSS) , AND AF WCF COSTS INCURRED BY:
 - **DISA - DEFENSE INFORMATION SYSTEM AGENCY**
 - **DFAS - DEFENSE FINANCE AND ACCOUNT SERVICE**
 - **DAASO - DEFENSE AUTOMATIC ADDRESSING SYSTEM OFFICE**
 - **DLSC - DEFENSE LOGISTICS SERVICES CENTER**
 - **DRMS - DEFENSE REUTILIZATION & MARKETING SERVICE**

- **DIRECT COSTS:**

- EXPENSES DEVELOPED BY EACH ALC:
 - ICP OPS (MANPOWER), DLA, TRANSPORTATION, CAPITAL INVESTMENT

- **MATERIAL COST RECOVERY (MCR):**

- **A PERCENTAGE ADDED TO THE PRICE OF REPAIR (EXCHANGE PRICE).**
 - **COVERS CONDEMNATIONS**
 - **ONE RATE APPLIES TO ALL ITEMS**
 - **PAYS FOR DELIVERY OF NEW PROCUREMENT**



MSD PRICES/COSTS AVAILABLE IN FEDLOG



PRICES/COSTS CONSUMABLE

REPAIRABLE

ITEMS

ITEMS

• STANDARD PRICE	XX	
• EXCHANGE PRICE - REPAIR/REPLACE PRICE	X	
• LATEST ACQUISITION COST (LAC)	XX	
• LATEST REPAIR COST (LRC)	X	
• UNSERVICEABLE ASSET PRICE (STD - LRC)	X	
• MATERIEL COST RECOVERY (MCR)	X	
• BUSINESS OPERATING COST RECOVERY (BOCR)	X	X
• MARK-UP PRICE	X	
• CARCASS COST (= STD - [LRC + BOCR/LAC])	X	

NOTE: INFORMATION IS ALSO AVAILABLE AT AFSAC ONLINE AND A TEXT FILE CAN BE PROVIDED ON DISKETTE BY CLSSA PROCESS OWNER.



FY 04 PRICE CHANGES



- **FY 04 COMPOSITE RATE INCREASE**
- **EFFECTIVE 1 OCT 03**
 - **MSD:**
 - INDIVIDUAL ITEM PRICES WILL CHANGE, SOME UP - SOME DOWN
 - AVERAGE CHANGE (183,000 NSNs): +18.27%
 - AVERAGE FMS CHANGE 12,549 NSNs & 60 COUNTRIES/ORGs): + 8.4%
 - **DLA:**
 - INDIVIDUAL ITEM PRICES WILL CHANGE, SOME UP - SOME DOWN
 - AVERAGE CHANGE: - 2.9%



MSD PRICE COMPUTATION FORMULAS



AFSAC

SALES ARE MADE AT STANDARD PRICE AND EXCHANGE PRICE (EXAMPLE)


PROCUREMENT:

LATEST ACQUISITION COST (LAC)	\$200.00
+ LAC BUSINESS OVERHEAD COST RECOVERY (BOCR) - 0.20	<u>\$ 40.00</u>
STANDARD PRICE	\$240.00


REPAIR:

EXCHANGE PRICE (REPAIR & REPLACE PRICE):

LATEST REPAIR COST (LRC)	\$100.00
+ LRC BUSINESS OVERHEAD COST RECOVERY (BOCR) - 0.20	\$ 20.00
+ MATERIEL COST RECOVERY	
<u>(CONDEMNATION MATERIAL EXPENSE RECOVERY (CMER)) - 0.15</u>	<u>\$</u>
<u>15.00</u>	
EXCHANGE PRICE	\$135.00



MSD OPERATIONAL COST RECOVERY (OCR) PERCENTS FY 04



AFSAC

EXCHANGE PRICE FORMULA

AFMC PERCENT (ALL ALCs)

LATEST REPAIR COST (LRC)	
+ BUSINESS OVERHEAD COST RECOVERY (BOCR)	0.3179
<u>+ MATERIEL COST RECOVERY (CMER)</u>	0.3162
= EXCHANGE PRICE	

STANDARD PRICE FORMULA (ALL ALCs)

AFMC PERCENT

LATEST ACQUISITION COST (LAC)	
<u>+ BASE OPERATIONAL COST RECOVERY (BOCR)</u>	0.3179
= STANDARD PRICE	

*AFWCF no longer calculates separate ALC cost recovery factors. One factor is used for the command (flat surcharge) and is expressed as a decimal. Price changes are expressed as percents.



MSD PRICE CHANGE NOTIFICATION



AVAILABILITY OF FY 04 PRICES:

- ADVANCE NOTIFICATION OF FY 04 MSD COMPOSITE RATE – JUL 03
- PRICES AVAILABLE BY PRODUCT AND/OR AFSAC ONLINE – AUG 03
- REQUISITIONS CAN BE MODIFIED/CANCELLED PRIOR TO 1 OCT, IF PRICE INCREASE IS NOT COMPATIBLE WITH CUSTOMER ORDER STRATEGIES



SUMMARY



MATERIEL SUPPORT DIVISION OF AF WCF

- REVOLVING ACCOUNT - SALES GENERATE CAPITAL TO MAINTAIN INVENTORY
- BOTH DIRECT & INDIRECT OPERATIONAL COSTS ARE INCLUDED IN SALES AND REPAIR PRICES
- DIRECT OPERATIONAL COSTS VARY BY ALC AND DIVISION WITHIN ALC BUT A SINGLE COMMAND RATE IS CALCULATED AND APPLIED TO ALL ITEMS
- 95% OF SPARES ARE WORKING CAPITAL FUNDED

FY 04 PRICES

- AFMC MSD AVERAGE CHANGE +18.27%
- FMS MSD AVERAGE CHANGE +8.44%
- DLA AVERAGE CHANGE -2.9%
- FMS MSD FY 04 PRICES AVAILABLE AT AFSAC ONLINE OR ON DISKETTE UPON REQUEST